

**STATE OF ALASKA**  
**STATE BOND COMMITTEE**

**TO BE HELD AT**  
**Department of Revenue**  
**Commissioner's Conference Room**  
**333 Willoughby Avenue, 11th Floor**  
**Juneau, Alaska 99801**

**June 16, 2017**  
**11:00 AM ADT**



# **STATE BOND COMMITTEE AGENDA FOR BOARD OF DIRECTOR'S MEETING**

**Alaska Department of Revenue  
Commissioner's Conference Room  
333 Willoughby Avenue  
State Office Building, 11<sup>th</sup> Floor  
Juneau, Alaska 99811**

**June 16, 2017 11:00 A.M.**

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Public Participation and Comment**
- VI. Minutes of the October 11, 2016 State Bond Committee Meeting**
- VII. New Business**
  - A. Resolution 2017-01 – Allocating a portion of the Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2017**
- X. Committee Member Comments**
- XI. Adjournment**

## Notice of Meeting – Alaska State Bond Committee

Notice of Meeting – Alaska State Bond Committee

Notice is hereby given that the State of Alaska State Bond Committee will hold a meeting at the Alaska Department of Revenue Commissioner’s Office, 333 Willoughby Avenue, 11<sup>th</sup> Floor, Juneau, Alaska 99811, on June 16, 2017 at 11:00 a.m.

Resolution 2017-01      Allocating a portion of the Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2017

The public is invited to attend and will be given the opportunity for public comment and participation. The State Bond Committee complies with Title II of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973.

Dated June 8, 2017

Ryan Williams

(907) 465-2893

[Attachments, History, Details](#)

**Attachments**

None

**Revision History**

Created 6/8/2017 1:23:54 PM by ljmattson

**Details**

Department:	Commerce, Community and Economic Development
Category:	Public Notices
Sub-Category:	
Location(s):	Statewide
Project/Regulation #:	
Publish Date:	6/8/2017
Archive Date:	6/16/2017
Events/Deadlines:	Notice of Meeting – Alaska State Bond Committee 6/8/2017 12:00am - 6/16/2017 5:00pm

**MINUTES of the  
STATE BOND COMMITTEE  
October 11, 2016**

A meeting of the State Bond Committee was held at 11:09 a.m. ASDT on October 11, 2016 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska (333 Willoughby Avenue, State Office Building, 11<sup>th</sup> Floor, Juneau, Alaska 99811), and telephonically.

State Bond Committee Members present were:

John Boucher, Deputy Commissioner, Department of Administration  
Pamela Leary, Director of the Division of Treasury, Department of Revenue (2<sup>nd</sup>  
Delegate to the Department of Revenue)

Also present were:

Ryan Williams, Op. Research Analyst, Department of Revenue

Present telephonically were:

Susan Barry, Orrick, Herrington & Sutcliffe, LLP

**I. Call to Order**

Ms. Leary called the meeting to order, acting as Chair, at 11:09 a.m. ASDT on October 11, 2016.

**II. Roll Call**

Mr. Williams took roll call. Ms. Leary, and Mr. Boucher were present, and there was a quorum. Mr. Parady was unable to attend the meeting. Ms. Leary was sitting in for Deputy Commissioner Jerry Burnett as 2<sup>nd</sup> Delegate for the Department of Revenue.

**III. Public Meeting Notice**

A copy of the Affidavit of Publication concerning the date, location, and purpose of the meeting was reviewed and made a part of the minutes of the meeting. Mr. Williams stated the meeting notice was advertised in the State's Online Public Notice - The notice was officially published on October 3, 2016, for the October 11, 2016 meeting date.

**IV. Approval of Agenda**

The Agenda was reviewed by the board and amended to delete a duplicate agenda item: the second "Public Participation and Comment" was stricken and all items were subsequently renumbered. Mr. Boucher moved approval of the agenda as amended, and Ms. Leary seconded. The agenda was approved as amended.

**V. Public Comment**

Ms. Leary asked for public participation and comment. There was none.

**VI. Minutes of June 6, 2016 SBC Meeting**

Mr. Boucher moved and Ms. Leary seconded approval of the June 6, 2016 minutes as written. The motion was unanimously adopted by present members with 2 yes votes.

**VII. Minutes of July 26, 2016 SBC Meeting**

Mr. Boucher moved and Ms. Leary seconded approval of the July 26, 2016 minutes as written. The motion was unanimously adopted by present members with 2 yes votes.

**VIII. New Business**

***Resolution 2016-10 – Alaska Clean Water Fund, 2016 Series C, and Alaska Drinking Water Fund, 2016 Series D, Revenue Bond Anticipation Notes***

Mr. Williams noted that Resolution 2016-10, for consideration in front of the committee, relates to the issuance and sale of two series of notes to be designated as Alaska Clean Water Fund Revenue Bond Anticipation Note, 2016 Series C in the aggregate principal amount of up to \$1,666,600 and Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2016 Series D in the aggregate principal amount of up to \$1,757,400. Mr. Williams stated that Resolution 2016-10 would authorize the State of Alaska Debt Manager to solicit proposals from banks for the purchase of the notes, fixing the place of payment and other covenants with respect to said notes, to approve final interest costs and maturity dates for the notes and to execute a purchase contract under the terms and conditions set forth within Resolution 2016-10. Mr. Williams noted that the Clean Water and Drinking Water funds are revolving loan funds administered by DEC, and both funds are authorized to issue debt through the State Bond Committee. Federal regulations allows interest earnings within the funds to be used for the retirement of debts of the funds. In an effort to reduce general fund exposure in obtaining federal match, the proposed borrowing is secured by interest earnings in those revolving loan funds, and the borrowing is repaid immediately as an overnight borrowing. This eliminates the need for general fund money to secure federal dollars, and this has been the procedure for the last 12 years. Mr. Williams mentioned that KeyBank has been contacted, and has quoted a fee to conduct the transaction matching fiscal year 2016. Upon approval of the resolution, DOR staff shall work with a group comprised of DEC, Cash Management, Budget and DOA to complete the transaction on or about October 20<sup>th</sup>. Ms. Barry mentioned that the authority granted to the Debt Manager expires at the end of the calendar year. Mr. Boucher stated that he has recently been contacted regarding a public report released from Standard & Poor's that details an expected downgrade of the State's credit rating upon pricing and closing of the Pension Obligation Bond transaction. Mr. Boucher asked if there was any effect on these transactions. Mr. Williams replied that he is aware of the report, and does not believe the report will factor into the overnight borrowing rate contemplated in Resolution 2016-10 with fees already quoted for a structured transaction that occurs annually, and will not have an effect on other resolutions considered in this October 11<sup>th</sup> SBC meeting Agenda. Mr. Boucher moved

Resolution 2016-10, and Ms. Leary seconded that motion. Mr. Williams called roll, and the motion was unanimously adopted by present members with 2 yes votes.

***Resolution 2016-11 – State of Alaska Allocation of the Private Activity Bond Volume Limit and Allocation of the Qualified Public Facilities Private Activity Bond Volume Limit for Calendar Year 2016***

Mr. Williams noted that Resolution 2016-11, for consideration in front of the committee, relates to the State of Alaska allocation of the Private Activity Bond Volume Limit and allocation of the Qualified Public Facilities Private Activity Bond Volume Limit for calendar year 2016. Mr. Williams stated that under requirements related to issuance of tax-exempt private activity bonds, some private activity bonds need to obtain volume cap under Section 146 of the IRS Code. Mr. Williams noted that the code limits the amount of private activity bonds that may be issued, and every year Alaska, through the State Bond Committee, allocates the limit or volume cap among issuers in the State. AHFC, and AIDEA are the two main issuers of these types of issuances. Of calendar year 2016 volume cap available of \$302,875,000, AHFC has specifically requested \$5 million for a conduit revenue bond issue, comprised of paying for construction of a 23-unit low-income housing complex and pay miscellaneous costs required for the financing in Anchorage, Alaska. AIDEA has proposed to receive \$100 million. In 2015, AIDEA received \$100 million with an anticipation of projects building to \$200 million. Mr. Williams noted the remaining balance is proposed to go to AHFC in the amount of \$197,875,000. AIDEA shall also receive the standard calculation of allocation for Qualified Public Educational Facilities Bond Limit of approximately \$7.38 million. Mr. Boucher questioned how requests for allocation come to light, and if there were specific needs known for municipalities specifically for volume cap. Mr. Williams noted that there were no requests specifically from municipalities, and has checked directly with AHFC and AIDEA regarding the other amounts stated in the resolution. Mr. Williams also stated that by this point in the calendar year, the volume cap requests and allocations have been reviewed, and we are certain of all allocations as stated. Mr. Boucher moved Resolution 2016-11, and Ms. Leary seconded that motion. Mr. Williams called roll, and the motion was unanimously adopted by present members with 2 yes votes.

**IX. Committee Member Comments**

Ms. Leary, and Mr. Boucher had no additional comments.

**X. Adjournment**

The meeting was adjourned at 11:37 AM ASDT.

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Fred Parady, Deputy Commissioner, Department  
Of Commerce, Community and Economic Development – Chair

ATTEST:

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Jerry Burnett, Deputy Commissioner, Department of Revenue –  
Secretary

## **STATE BOND COMMITTEE**

### **RESOLUTION NO. 2017-01**

#### **A Resolution of the State Bond Committee of the State of Alaska Allocating a Portion of the Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2017**

WHEREAS, Alaska Statute 37.15.800 directs the State Bond Committee (the "Committee") to allocate the private activity bond volume limit for Alaska (the "volume cap") as authorized under 26 U.S.C. 146(e); and

WHEREAS, the volume cap for calendar year 2017 is \$305,315,000; and

WHEREAS, the Alaska Housing Finance Corporation (AHFC) has requested an allocation of \$8,200,000 of volume cap for a conduit revenue bond issue of exempt facility bonds to provide a qualified residential rental project under 26 U.S.C. Section 142(a)(7), comprised of paying for construction of a 45-unit low-income housing complex and to pay miscellaneous costs required for the financing in Anchorage, Alaska; and

WHEREAS, AHFC intends to issue bonds in early July 2017; and

WHEREAS, AHFC routinely issues bonds to finance multi-family housing projects; and

WHEREAS, private activity bond calendar year volume cap is available for use through the end of the calendar year in which it arises and then may be carried forward for an additional period of three years if carryforward forms are filed with the Internal Revenue Service no later than February 15 of the following year; and

WHEREAS, there have been no requests by municipalities and no other requests for volume cap for calendar year 2017 at this time other than those referenced in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE:

Section 1. The Committee hereby allocates \$100,000,000 of the 2017 private activity bond volume limit for Alaska to AHFC for multi-family housing financing.

Section 2. This Resolution is effective immediately.



State Bond Committee  
Resolution 2017-01

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DATED AND ADOPTED this 16<sup>th</sup> day of June, 2017.

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Chris Hladick, Commissioner  
Department of Commerce, Community and  
Economic Development, Chair

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Randy Hoffbeck, Commissioner  
Department of Revenue, Secretary

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Sheldon Fisher, Commissioner  
Department of Administration, Member

APPROVED AS TO FORM:

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Attorney General of the  
State of Alaska

## Memorandum

**Date:** June 7, 2017  
**To:** Alaska State Bond Committee  
**From:** Jordon Matukonis, Financial Analyst  
**Re:** Request for 2017 Private Activity Volume Cap Allocation

Grass Creek North II Limited Partnership (the “Borrower”) has asked the Alaska Housing Finance Corporation (“AHFC”) to issue its conduit revenue bonds (the “Bonds”) to pay for construction of a 45-unit low-income housing complex to be located at Creekside Center Drive, in Anchorage, Alaska and to pay certain other miscellaneous costs associated with the financing (collectively, the “Project”).

The Borrower is not a 501(c)(3) entity. AHFC intends to issue the Bonds as exempt facility bonds to provide a qualified residential rental project under 26 U.S.C. Section 142(a)(7). The Bonds will require private activity bond volume cap pursuant to 26 U.S.C. Section 146.

AHFC respectfully requests that the State Bond Committee, acting under its authority in AS 37.15.800, allocate \$8,200,000 of the State of Alaska’s 2017 private activity bond volume cap to AHFC for the issuance of the Bonds to provide financing for the Project.

The Committee’s consideration is sincerely appreciated.